

Message Text

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PAGE 01 LONDON 04171 01 OF 02 141046Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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TO SECSTATE WASHDC PRIORITY 1517

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 04171

FROM CHESEN FOR CAB

E.O. 11652: N/A

TAGS: EAIR, UK

SUBJECT: CIVAIR: REPORT ON CHARTER NEGOTIATIONS WITH UK

REF: LONDON 4031; LONDON 3789

1. SUMMARY: A SERIES OF FREQUENT AND LATE MEETINGS ON MARCH 9 THROUGH 11 CULMINATED IN AN AD REFERENDUM AGREEMENT TO AMEND THE EXPIRED CHARTER MEMORANDUM OF UNDERSTANDING AND RENEW IT FROM APRIL 1, 1977, TO MARCH 31, 1978. THE CAB MINIMUM DURATION OF SEVEN DAYS YEAR AROUND WAS ACCEPTED, PROVIDED THAT EACH CARRIER MAY FLY A NUMBER OF ABC SEATS OF 7 THROUGH 13 DAYS DURATION NO MORE THAN ONE-HALF THE NUMBER OF SEATS IT FLYS OF L4 OR MORE DAYS DURATION FOR THE PERIOD APRIL 1, 1977, THROUGH MARCH 31, 1978. UP TO SEVEN PERCENT GENERAL PUBLIC ABC SUBSTITUTION UNTIL 7 DAYS BEFORE DEPARTURE WOULD BE ACCEPTED. A FINAL LIST WOULD BE AIRMAILED AND POSTMARKED TO UK AUTHORITIES 7 DAYS BEFORE DEPARTURE. USDEL BELIEVES AD REFERENDUM UNDERSTANDING WILL ALLOW ALL US FLIGHTS TO OPERATE UNDER COUNTRY OF ORIGIN RULES WITH MINIMAL IRRITANTS AND WILL REMOVE CHARTERS AS A POTENTIAL

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PAGE 02 LONDON 04171 01 OF 02 141046Z

HAZARD TO SCHEDULED SERVICE TALKS. DETAILS OF EVENTS WHICH LED TO AGREEMENT FOLLOW. END SUMMARY.

2. FOLLOWING A BRITISH CALEDONIAN AIRWAYS DINNER FOR DELEGATIONS EVENING MARCH 9, ROGERS OFFERED TO ACCOMPANY CHESEN TO USDEL HOTEL TO DISCUSS WHILE WALKING WHETHER IT WAS POSSIBLE TO FIND ANY COMBINATIONS ON ABC SUBSTITUTION

AND MINIMUM DURATION WHICH WOULD MEET THE SUBSTANTIVE AND/OR OPTICAL NEEDS OF BOTH PARTIES. THREE HOURS OF SUCH DISCUSSIONS AND A SUBSEQUENT TELEPHONE CALL FROM ROGERS PRODUCED SEVERAL POSSIBILITIES. CHESEN SUGGESTED IDEAS WHICH WOULD MAKE IT POSSIBLE FOR ALL ANTICIPATED US CHARTERS TO OPERATE IN 1977 UNDER US RULES WITH MINIMAL IRRITANTS TO CARRIERS AND OPERATORS, YET SUFFICIENT OPTICS FOR ROGERS TO USE TO SELL THE DEAL TO ECAC. ROGERS SUGGESTED IDEAS WHICH WOULD ACCOMPLISH ABOUT THE SAME THING BUT WITH FAR MORE IRRITANTS FOR US AND MORE OPTICS FOR ECAC.

3. DURING WORKING DAY MARCH 10, ALL IDEAS WERE SET FORTH TO CARRIERS IN DETAIL WITHOUT ATTRIBUTION TO AUTHORSHIP. THERE WAS SOME USDEL OPTIMISM SINCE AT LEAST ONE IDEA ON EACH ISSUE WOULD GIVE US THE SUBSTANCE OF EVERYTHING IT WANTED, ALTHOUGH SUCH IDEAS TENDED TO BE ONES ROGERS WOULD FIND VERY, VERY DIFFICULT. INDUSTRY VIEWS WERE SOUGHT ON THE ENTIRE RANGE OF POSSIBILITIES.

4. IDEAS ON ABC MINIMUM DURATION INCLUDED UK ACCEPTANCE OF YEAR AROUND 9 OR 10 DAY MINIMUM DURATION (THERE ARE VIRTUALLY NO 7 OR 8 DAY ABCS BY US CARRIERS) PLUS ACCEPTANCE OF 7 OR 8 DAY GROUP MOVEMENTS UP TO "X" PERCENT OF ALL US ORIGIN ABC SEATS OPERATED. THE "X" PERCENT WOULD BE SUFFICIENT TO COVER ALL CONTRACTED SHORT DURATION FLIGHTS PLUS A MARGIN FOR ERROR. ANOTHER OPTION WOULD BE UK ACCEPTANCE OF 7 DAYS YEAR AROUND WITH AN AGREED LIMITATION THAT DURING THREE OR FOUR PEAK SUMMER MONTHS LIMITED OFFICIAL USE

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PAGE 03 LONDON 04171 01 OF 02 141046Z

ONLY "X" PERCENT, AGAIN SUFFICIENT PLUS A MARGIN, COULD BE OPERATED WITH 7 TO 13 DAY DURATIONS. PANAM PREFERRED THE LATTER. TW AND NACA SUPPLEMENTALS PREFERRED FORMER, NACA WITH 9 DAYS, WHICH WERE EXTREMELY DIFFICULT FOR ROGERS.

5. IDEAS ON SUBSTITUTION INCLUDED (A) A REDUCED PERCENTAGE, I.E., 5 PERCENT TO 8 PERCENT UNTIL DEPARTURE; (B) LONGER CUT-OFF PERIOD (21 DAYS) THAN USDEL TABLED EARLIER WITH LARGER SUBSTITUTION (4 PERCENT) IN LAST 21 DAYS; (C) REDUCED PERCENT (7-1/2 PERCENT) WITH 7 OR 14 DAY CUT-OFF; (D) 21 DAY CUT-OFF, LIMIT TO 5 PERCENT BETWEEN 7TH AND 21ST DAYS, NONE BETWEEN 7TH AND 21ST DAYS, NONE AFTER 7 DAYS. PANAM PREFERRED (D) BUT TW AND NACA PREFERRED TO RETAIN SUBSTITUTION UNTIL DEPARTURE BY COMPROMISING ALLOWABLE PERCENTAGE.

6. USDEL (BILLER, CHESEN, DINGIVAN, WILSON) AND UKDEL (ROGERS, BROWN, THOMPSON, CARTER) RECONVENED AT 9 P.M.,

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PAGE 01 LONDON 04171 02 OF 02 141053Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 04171

MARCH 10. AFTER MANY NEGOTIATING HOURS BOTH DELEGATIONS WERE WILLING TO TRY 7-1/2 PERCENT SUBSTITUTION (I.E., ONE-HALF OF WHAT IS AUTHORIZED IN US NON-EUROPEAN ABC) BUT ROGERS HELD OUT FOR 7 DAY CUT-OFF. ON MINIMUM DURATION USDEL OFFERED 9 DAYS WITH 5 PERCENT PER CARRIER TOLERANCE FOR 7-8 DAY STAYS OR 10 DAYS WITH 17 TO 18 PERCENT TOLERANCE. UKDEL WOULD NOT GO BELOW 10 DAYS WITH 12-1/2 PERCENT TOLERANCE.

7. ON MARCH 11, PRIOR TO MORNING PLENARY, BILLER AND ROGERS AGAIN DISCUSSED CHARTERS PRIVATELY. ROGERS WOULD GO NO FURTHER THAN 10 DAYS MINIMUM DURATION WITH 17 PERCENT TOLERATION FACTOR FOR 7, 8, AND 9 DAY ABCS AND 5 PERCENT LIMIT ON SUBSTITUTION UNTIL DEPARTURE. BILLER SAID HE COULD NOT ACCEPT THAT. DURING THE PLENARY SHOVELTON SUGGESTED AND BOYD ACCEPTED CONTINUATION OF CHARTER TALKS DURING LUNCH AND INTO THE AFTERNOON. SUBSEQUENT TO PLENARY CHARTER DISCUSSIONS, BILLER, ROGERS, O'MELIA AND CHESEN MET REPEATEDLY UNTIL AGREEMENT WAS REACHED EVENING OF MARCH 11. MEMORANDUM OF CONSULTATION SIGNED WITH COPIES GIVEN INDUSTRY REPRESENTATIVES WHO REACTED FAVORABLY.
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PAGE 02 LONDON 04171 02 OF 02 141053Z

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Message Attributes

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